

## Message Text

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PAGE 01 STATE 014201  
ORIGIN SCS-06

INFO OCT-01 ISO-00 AF-10 ARA-14 EA-12 EUR-12 NEA-10  
IO-14 SIG-02 MMO-04 TRSE-00 /085 R

DRAFTED BY: SCA/SCS:AMLNON  
APPROVED BY: SCA/SCS:AAGISE  
SCS:RDBELT  
SCS:JLWARD

-----061885 191829Z /46

P 182259Z JAN 78  
FM SECSTATE WASHDC  
TO ALL DIPLOMATIC AND CONSULAR POSTS PRIORITY  
XMT AMEMBASSY ASUNCION  
AMEMBASSY BOGOTA  
AMEMBASSY BRIDGETOWN  
AMEMBASSY BRASILIA  
AMEMBASSY BUENOS AIRES  
AMEMBASSY CARACAS  
AMEMBASSY GEORGETOWN  
AMEMBASSY GUATEMALA  
USINT HAVANA  
AMEMBASSY KINGSTON  
AMEMBASSY LIMA  
AMEMBASSY LA PAZ  
AMEMBASSY MONTEVIDEO  
AMEMBASSY MEXICO  
AMEMBASSY MANAGUA  
AMEMBASSY NASSAU  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY PORT AU PRINCE  
AMEMBASSY PANAMA  
AMEMBASSY PARAMARIBO  
AMEMBASSY QUITO  
AMEMBASSY SANTO DOMINGO  
AMEMBASSY SANTIAGO  
AMEMBASSY SAN JOSE  
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AMEMBASSY SAN SALVADOR  
AMEMBASSY TEGUCIGALPA  
AMCONSUL BELIZE  
AMCONSUL CURACAO

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INFORM CONSULS

C O R R E C T E D C O P Y (FOR ADDRESSEES AND DISTRIBUTION)

E.O. 11652:N/A

TAGS:CFED

SUBJECT:TAX REFORM ACT

1. IRS REPORTS CONGRESS CONSIDERING LEGISLATION THAT WOULD POSTPONE TO 1978 THE EFFECTIVE DATE OF THE FOREIGN EARNED INCOME EXCLUSION PROVISIONS OF THE TAX REFORM ACT OF 1976. THE PENDING LEGISLATION PROVIDES FOR DOLLARS 20,000 OR DOLLARS 25,000 EXCLUSION INSTEAD OF THE DOLLARS 15,000 NOW ALLOWED. IN ADDITION TAXPAYERS WOULD NOT HAVE TO USE THE INCREASED TAX RATES ON EXCLUDED INCOME OR REDUCE THEIR FOREIGN TAX CREDIT BY THE EXCLUSION.

2. DISTRIBUTION OF OVERSEAS INDIVIDUAL TAX PACKAGES (PACKAGE 9), WHICH ARE MAILED DIRECTLY TO TAXPAYERS LOCAL OVERSEAS MAILING ADDRESS, WAS HELD UP PENDING RESOLUTION OF THIS LEGISLATION. HOWEVER, IRS HAS MADE DECISION TO PRINT AND DISTRIBUTE FORM 2555 AND PUB 54 BASED ON CURRENT LAW (DOLLARS 15,000 EXCLUSION). PRINTING OF PACKAGE 9 IS NOW IN PROCESS AND MAILOUT IS UNCLASSIFIED

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SCHEDULED TO BE COMPLETED 2/10/78. TAXPAYERS SHOULD ALLOW NORMAL MAIL DELIVERY TIME FOR RECEIPT. INCLUDED IN THE PACKAGE WILL BE FORM 2555 EXEMPTION OF INCOME EARNED ABROAD, (REV. 12/77), AND PUBLICATION 54, TAX GUIDE FOR U.S. CITIZENS ABROAD, WHICH REFLECT EXISTING LAW. TAXPAYERS SHOULD NOT USE FORM 2555 (REV. 11/76 OR FORM 2555 REV. 1977) SINCE THEY DO NOT REFLECT EXISTING LAW AND WILL THEREFORE BE RETURNED IF FILED. IRS CURRENTLY DEVELOPING NEW FORM BASED ON THE PENDING LEGISLATION. IF LAW ENACTED, POSTS WILL BE NOTIFIED OF ITS AVAILABILITY.

3. AS U.S. CITIZENS RESIDING OR TRAVELING ABROAD HAVE AN AUTOMATIC EXTENSION OF TIME UNTIL JUNE 15 TO FILE THEIR INCOME TAX RETURNS, TAXPAYERS WHO ARE AFFECTED BY THE PENDING LEGISLATION MAY FIND IT MORE ADVANTAGEOUS TO DELAY FILING THEIR RETURNS UNTIL THE OUTCOME OF ABOVE LEGISLATION DETERMINED. MAILOUT OF FORM 2555 AND PUB 54 TO POSTS EXPECTED TO BE COMPLETED BY 2/3/78. CHRISTOPHER

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Disposition Approved on Date:**  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014